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| **Province** | **Législature/Legislature** | **Session** | **Type de discours/ Type of speech** | **Date du discours/ Date** | **Locuteur/Speaker** | **Fonction du locuteur/ Function**  | **Parti politique/ Political party** |
| Nouvelle-Écosse / Nova-Scotia | 53 | 2 | Discours du Budget/ Budget Speech  | 00-04-1983 | Joel Matheson | Minister of Finance  | PC |

**Nova Scotia: Budget speech, 1983.**

HON. JOEL MATHESON: Mr. Speaker, pursuant to notice of motion given by me on April 13, 1983, and Rule 62 of the Rules and Forms of Procedure of the House of Assembly, I have the honour, by command, to present a message from His Honour the Lieutenant Governor of the Province of Nova Scotia, relating to the Estimates of sums required for the service of the province for the fiscal year ending March 31, 1984, which is:

"The Lieutenant Governor of the Province of Nova Scotia transmits Estimates of sums required for the Public Service of the province, for the year ending March 31 st, 1984, and in accordance with the provisions of the Constitution Acts, 1867 to 1982, he recommends them to the House of Assembly.

Mr. Speaker, at this time I wish to table the message from His Honour the Lieutenant governor transmitting the Estimates for the consideration of this House, table the Estimate Books, table the Estimate Resolutions, deliver my Budget Speech, and move that the Estimates of sums required for the service of the province for the fiscal year ending March 31, 1984, being supplied to be granted to Her Majesty be referred to the Committee of the Whole on Supply.

Mr. Speaker, I am pleased to present to the House of Assembly the Government of Nova Scotia's budgetary plan for the 1983-84 fiscal year.

The fiscal framework I am about to outline reflects the government's resolve to contiJ1l1e to assist Nova Scotians during these times of economic hardship. It provides leadership to all sectors of the economy during the recovery process not beginning.

This budget illustrates the government's determination to lay the necessary groundwork for maximization of our offshore development potential, thereby increasing the longterm employment opportunities and income prospects for our residents.

Most importantly, this budget emphasizes that our success in achieving our objectives will come through sound fiscal management policies, policies that are responsive to the needs and aspirations of Nova Scotians, yet sensitive to the ongoing government commitment to cost control and deficit reduction.

The achievement of such goals during these difficult economic times is a major challenge to government. The national economy and those of our major trading partners have been battered by the worst recession in 50 years. High levels of unemployment are being experienced throughout Canada and the United States. Although the 1982 decline in economic output translated into a welcome downward trend in inflation and interest rates, real declines in economic output were experienced by all provinces last year. While Nova Scotia did not escape the effects of the recession, our diversified economic base sustained a stronger performance than in many of our sister provinces.

Nova Scotia's gross domestic product at market price grew by two per cent more than the national average last year. (Applause) Nova Scotians experienced real gains in personal income in 1982, compared to real declines suffered by most Canadians. Nova Scotia's employment performance was better than that experienced nationally. Nova Scotia registered significant real growth in output in the agriculture and mining components of its primary resource sector during the past year. Nova Scotia's commercial services sector exhibited considerable strength stimulated by offshore oil and gas exploration activity.

Mr. Speaker, the prospects for 1983 are cautiously optimistic. Real growth in Canada's economic output is forecast between one and two per cent with three per cent growth expected for the United States. Although unemployment will remain a serious concern, the rate of inflation should continue to decline in both countries this year.

The Nova Scotia economy is expected to experience significant real growth in output, again exceeding the national economic performance. In fact, the highly respected Conference Board in Canada is expecting Nova Scotia's rate of expansion in 1983 to be second only to growth anticipated for the Province of Alberta.

Already, a substantial increase in residential construction activity is being experienced throughout the province. Nova Scotia's retail trade activity is showing considerable strength, and its growth rate should rank second highest in Canada this year. A fast recovery with significant real growth is expected in our manufacturing sector.

We anticipate continued growth in real personal income per capita in Nova Scotia versus a continued real decline nationally. As well, offshore exploration will continue to be a driving force in our economy as activity in this area is expected to almost double this year. Through this diversified growth, the expansion of our primary resources, and the prospects for our offshore, we can look forward as a province to a more positive 1983.

While the economic prospects for 1983 are indeed encouraging, the severe recession during 1982 took its toll on the fiscal position of the federal and all provincial governments. As the economic downturn in 1982 proved deeper than the most negative projections of one year ago, corporations and small businesses all across this country experienced substantial losses, and bankruptcies increased at an alarming rate. Unemployment rose to the highest levels in 50 years.

This deterioration of national economic conditions reduced the income levels of individuals and businesses and suppressed consumer spending. This substantial erosion of the basis of most federal and provincial taxes translated into considerably lower revenues for both levels of government last year and, consequently, an increase in their financial requirements.

The original federal deficit projected for 1982-83 in their November 1981 budget escalated dramatically. The original federal forecast of $10.5 billion is now expected to be in the range of $ 25 billion.

Provincial governments also faced a substantial upward trend in their estimated deficits during 1982-83. Latest figures indicate that the financial requirements of all provinces will be more than $3 billion higher in 1982-83 than originally estimated, bringing the total budgetary deficits of all 10 provinces to more than $10 billion.

As one would expect, Nova Scotia's revenues could not be shielded from the hard times and are now forecasted to be $168.8 million lower than originally estimated. Mr. Speaker, over 60 per cent of Nova Scotia's ordinary revenues are based on financial projections supplied by the federal government. Federal miscalculation of the extent of the 1982 economic recession resulted in several reductions in federal estimates of some of the province's major revenue sources. These reductions accounted for approximately $100 million of the total decline experienced in the revenue forecast of the province for 1982-83.

When it became evident that original revenue forecasts would not materialize because of the unpredicted severity of the recession, we had to balance between continued public assistance and massive reductions in expenditures. Our first responsibility was to shield Nova Scotians, both individuals and businesses, as much as possible from further hardships arising from the recession. We chose, therefore, to counter the revenue reduction with a restraint policy rather than with massive cutbacks in programs.

To do otherwise, Mr. Speak~r, would have resulted in a recession of much greater magnitude with higher unemployment and greater prospects for business bankruptcies. To do otherwise would have been an abdication of the government's responsibility to private and corporate citizens of Nova Scotia.

In the past year, we conducted an in-depth review of our budgeted expenditures. In spite of the deepening economic severity and corresponding increase in demand for public services, the Government of Nova Scotia succeeded in reducing both the gross ordinary and capital expenditures of the province by almost $40 million from the 1982-83 budget estimate. (Applause) This is indicative of the success of major policies implemented in 1982 to reduce and control government spending, a major accomplishment considering the economic circumstances faced by all governments during the past year.

As the year progressed and the recession deepened, it became obvious that many Nova Scotians stood to face severe economic hardships. In our determination to help Nova Scotians cope with the high interest rates and reduced consumer demand both at home and abroad, we introduced targetted protection to key sectors of the economy through our various government loan and industrial development programs. For this reason, the forecast of net statutory capital advances for 1982-83 shows an increase of $20 million over last year's budget estimate.

Whether or not to allow the province's cash requirements for 1982-83 to increase over the budget was a very difficult choice for the government. Yet, the final result, Mr. Speaker, was only a four per cent increase in Nova Scotia's cash requirements over 1981-82, during a year which saw the most massive economic downturn in Canada since the Depression of the 1930's.

All governments in this country are now struggling to overcome the major hurdles associated with last year's drastic economic decline. While the prospects for the coming fiscal year are much more promising, government fiscal policies are critical to the strength of anticipated recovery.

The Government of Nova Scotia faces a three-fold challenge: Concentration must be centered on ensuring the economic recovery process proceeds orderly and quickly, providing expanded employment opportunities for Nova Scotians; a planned course of deficit reduction must be followed; and we must address a wide range of policy initiatives necessary to enhance our offshore development potential.

Despite the temptation to address ourselves primarily to the difficult, short-term economic problems facing the province, the Government of Nova Scotia must not and will not shy away from its responsibility to face the critical long-term decisions that will be associated with offshore developments.

I need not emphasize the importance of such offshore projects to the long-term growth prospects for the province. They will provide employment opportunities for Nova Scotians for many years to come. They will expand the revenue base of the province and will allow us to achieve higher levels of prosperity comparable to those of our traditionally more affluent partners in Confederation.

This government will not let this opportunity to expand our fiscal and economic base pass us by because of a failure to take responsibility and to implement the long-range planning and policy initiatives necessary to maximize our offshore development potential.

In developing the budgetary framework to deal with the present economic realities and these long-term growth prospects, the government realized the responsible role it has to play in the recovery process. This responsibility involves recognizing and meeting the needs of our citizens during these difficult times and it involves maintaining a sound and stable policy and fiscal environment which will create both consumer and investor confidence.

The government is firmly committed to preserving the necessary level of essential public services provided to the citizens of this province. Emergence from a recession is a time when those who need government social programs must be reassured that they will continue to be there during the long, and sometimes difficult, road to economic recovery.

This budget also provides stimulus to selected sectors of our economy in an effort to create much needed jobs and hasten the recovery process. We will continue our restraint program, balancing it with our recognition that today's society will not tolerate social injustice.

Above all, these objectives will be achieved within the framework of a responsible and manageable fiscal plan. The framework I will be presenting reflects a major step in a planned course of deficit reduction to be achieved over the next few years. This program is predicated on holding our restraint course in all sectors as our revenues increase during the recovery process. The resulting enhancement of consumer and investor confidence in the province will ensure that the maximum benefits from economic recovery are achieved and that the stage is set for the enormous investment potential of the fulure.

To encourage Canada's economic recovery, the federal budget must also be designed to enhance consumer and investor confidence which has been badly eroded in recent years by a variety of national fiscal and monetary policies. This rebuilding of confidence requires that the federal government be carefully attuned to the needs of private and corporate citizens and avoid policies which are disruptive and substantially increase federal fiscal requirements.

A period of stability is necessary to afford investors the opportunity to plan for the future and undertake major capital investment projects. For this reason, further disruptive changes to the taxation regime which have discouraged capital investment in this country in recent years should be avoided.

While recognizing that some increase can occur, the federal government should avoid massive increases in their deficit when providing controlled economic stimulus. Any substantial shift in the fiscal policy stance of the Government of Canada will only increase uncertainty and counter their expressed sincerity in solving the country's economic woes. A resurgence of inflation and interest rates which were the primary causes of the worst recession since the Great Depression would undoubtedly result. As well, I strongly urge that federal and provincial governments alike cooperate in their efforts to find solutions to the country's economic problems.

1983-84 will be the turning point of this government's planned path to current account deficit reduction and, ultimately, deficit elimination. Substantial economic growth forecast for Nova Scotia this year, coupled with anticipated improvements in the inflationary situation, are expected to alleviate the downward pressure on revenue growth and the upward pressure on expenditure increases which have been experienced throughout the recession.

This closer alignment of traditional growth patterns in revenues and day to day expenditures will afford the government the opportunity to gradually reduce deficit levels which have accumulated recently in response to unprecedented forces. Improvements in the deficit position will logically occur with the strengthening of the economy as long as the government concentrates on providing the correct mix of selective assistance for economic growth and restraint in its operations.

Towards this end, I have endeavoured to meet with representatives from the private sector to discuss those measures which would most effectively aid in our efforts to achieve such a mix while simultaneously preserving the level of essential public services in our province. Their advice has been extremely helpful in establishing government policies.

It is our intention to continue our programs of restraint which include: limitations on public sector salary and wage increases; control of the size of the Civil Service; program review and departmental cost control. Mr. Speaker, this government is committed to orderly deficit reduction. (Applause)

The current account deficit for 1983-84 is estimated to be $248.5 million, which represents a $44.6 million improvement over the previous year's level. This is indicative of not only improved revenue projections of the province arising from expanded economic activity but, also, of the government's efforts to exercise restraint and efficiency in its day to day operations.

As I have stated, a stable fiscal environment is of critical importance during the recovery process. It was considered imperative, therefore, that the tax burden on the citizens and industries of the province not be materially increased at this time.

Mr. Speaker, there will be no increase in the individual income tax rate. There will be no increase in the corporate income tax rates. There will be no increase in the health services tax rates. There will be no increase in the gasoline and diesel oil tax rates. (Applause)

One relatively minor measure will be introduced. At present, Nova Scotia is the only province in Canada which does not have a tax on cable television services. In order to bring our tax in line with practices in all other provinces, effective June 1, 1983, these services will be subject to the province's amusement tax.

While the maintenance of essential service levels for our citizens will continue to be a priority of this government's expenditure program for the upcoming year, the budget is also aimed at providing employment and much-needed stimulus to the housing sector in the province.

Despite the improved economic growth prospects for the coming year, high levels of unemployment will continue to plague the Canadian economy in the short term. By providing stimulus and leadership to all sectors of the economy, our government is setting the tone of the recovery process, which will provide employment strength in the private sector over the long term.

But help in the short term is paramount as well. The burden of high unemployment must be relieved. Nova Scotians without jobs today want work. It is imperative, therefore, that government do what it can do help those without jobs today and to help employ our students who want to further their education.

This budget tackles these needs with an immediate employment support and economic development program. As emphasized in the table provided, the province is committing more than $400 million this year to programs that will provide this much-needed employment and long-term economic development. (Applause)

Almost one-half of these funds. or $193 million are provided for a variety of public works and capital construction projects. This involves a comprehensive highway construction program which will provide jobs across many sectors and regions of the province.

Funds advanced to the Nova Scotia Housing Commission for loans and construction programs in 1983-84 are expected to be approximately 150 per cent of last year's level. When coupled with the recent extension of the $2,000 Homeowners' Incentive Grant until the end of 1983, it is estimated that 5,000 new housing starts could be initiated during the next year. (Applause) This emphasizes the importance that this government attaches to residential construction activity as a catalyst for expansion of our provincial economy and the creation of jobs.

The budget also provides for a 24 per cent increase in the funds available for farm loans. This expanded support for the agriculture sector ensures that employment opportunities in this industry are maximized. (Applause) To increase production and to provide for more stable economic conditions, this budget will provide $682,500 for new Provincial Beef Support and Sheep Improvement Programs. (Applause)

Mr. Speaker, we also recognize the important role of the province's diversified industries in job creation and long-term economic development. In 1983-84, an additional $14.9 million will be provided for industrial development loans, bringing the total amount of available financing for a variety of industrial investments to $49 million this year. Continued support of Nova Scotia's industries will ensure that the recovery of the Nova Scotia economy is broad based and that employment gains are maximized across all regions of the province.

I would like to point out that the government is extremely encouraged by the contributions to economic recovery being made by the private sector in developing our offshore natural resources. A substantial increase in exploration activity off our coast this year and the economic spinoff emanating from annual expenditures by these exploration programs totalling hundreds of millions of dollars, reinforces all projections for a strong and lasting recovery in this province. The Industrial Benefits Office of the Department of Development will ensure that all Nova Scotia companies have maximum access to all oil and gas companies purchasing requirements. Jobs will be created across many varied sectors of the economy as both small and large businesses in the province respond to meet the needs associated with the increased offshore activity.

In addition to the comprehensive employment and economic development strategy I have just outlined, the government places a major priority on maintaining the essential level of services provided Nova Scotians. This budget provides approximately $1.7 billion for the provision of education, health and social service programs during 1983-84, which represents 64 per cent of ordinary expenditures.

As I have noted earlier, Mr. Speaker, Nova Scotians who require our major social programs must be continually assured these services will not be curtailed when they are most needed during the long and difficult road to economic recovery. I must add that this has not been easy for the Government of Nova Scotia, particularly in the area of post secondary education. But in a changing world, nothing is more certain than that the future will belong to those who have the education and skills.

Last year, my budget described the financial strain placed on the provincial Treasury by federal cutbacks in the funding of health care and post-secondary education. Since that time, further cutbacks have been imposed unilaterally by the Government of Canada with respect to post-secondary education.

The placing of additional fiscal. burden on already constrained Treasuries of the provinces, coupled with the obvious federal-provincial battle which ensues, does nothing to restore the confidence of Canadians in the efforts of governments to adequately deal with these difficult times, and does little to help provincial governments plan and carry out their commitments.

Because of unanimous provincial concern in this area, I recently released, on behalf of all provincial Ministers of Finance and Treasurers, a consensus report informing Canadians of the effects of the unilateral federal action on the delivery of health and post secondary education programs in the provinces. The report calls upon the Government of Canada to refrain from the planned reduction in post-secondary education transfer payments. There is still uncertainty over future federal financial commitments to these programs. Funds for post-secondary education are only committed for the next two years and the financial ramifications of the proposed Canada Health Act are not yet clear.

The economy of tomorrow, Mr. Speaker, will be vastly different from the economy of today. Jobs will be diversified. Indeed, we are seeing change on a daily basis. More and more job qualifications are calling for higher skills and levels of training. We have a commitment to develop a highly skilled and educated work force in Nova Scotia. Only then can we ensure young Nova Scotians will be ready for the industries of tomorrow.

To provide employment for today and to provide the skills and training for tomorrow, government must maintain a strong commitment to education. This budget provides for an increase in the assistance to universities of approximately $7.2 million in 1983-84.

Emphasis will continue to be placed in the education budget on technical and vocational training to prepare Nova Scotians for occupations relating to emerging offshore resource industries. This priority is considered essential if we are to maximize our future development potential. An additional $1.9 million will be provided for regional vocational education in the province during 1983-84.

I might add that in the interest of providing such training in the most efficient way possible and within the limitations of general fiscal restraint, a restructuring of vocational programs has ensured that a maximization of our training dollars for future offshore opportunities has been achieved.

Certainly, if our young people are to have all the necessary skills for tomorrow, now is not the time to cut back on funding for education. That is why this government becomes concerned when the federal government withdraws its participation in training courses provided at Nova Scotia adult vocational training centres. Reduced federal participation means a reduction in courses available and reductions in training staff. At a time when more and more skills are needed for employment and at a time when the federal government is talking about creating employment, now is not the time to do just the opposite.

I am also pleased to highlight that this budget provides funds for the commencement of a Marine Navigation School at the Ocean Industries Park in Dartmouth. The construction of this facility reflects the priority we place on reaping maximum benefit from the future opportunities afforded by our ocean industries and our offshore resources.

The budget also provides funding for the development of a Computer Aided Design Centre at the Technical University of Nova Scotia. The technology and techniques developed at this centre will provide small and medium-sized industry in the province with a competitive alternative to much slower manual planning operations. The availability of such a facility should also aid in the development of custom production systems for the offshore, as well as assist in introducing high technology to the province's industrial base.

All of the measures I have outlined reinforce our determination to ensure that the Nova Scotia work force and industries are prepared to take full advantage of the opportunities offered by changing technology and offshore activity, both of which are expected to accelerate in the coming years.

Mr. Speaker, the budget provides funding for the recently announced Royal Commission on Post-Secondary Education, which will undertake a wide-ranging examination of current issues in this area. This should lead to a streamlining of program delivery and ensure that Nova Scotians continue to receive high quality post-secondary education programs in the most effective and cost-efficient manner.

In 1983-84, grants to school boards will provide an additional $26.2 million for the provision of education services throughout the province.

I would like to emphasize that the government's implementation of revised educational and municipal funding arrangements last year provided considerable relief to municipal taxpayers in the province. This enabled many municipalities to generate surplus funds and maintain or reduce property taxes last year.

Despite the large proportion of the provincial budget attributable to health care and the necessity to continue to exert financial restraint in program delivery, the government will not weaken in its resolve to continue to provide Nova Scotians with national standards of health and medical care. (Applause)

The success of our restraint efforts is evidenced by the fact that our per capita expenditures required to support national average standards of health care are among the lowest in this country. Nova Scotians can be assured, therefore, that the health delivery system upon which they depend is among the most efficient and cost-effective in Canada. (Applause)

Mr. Speaker, overall spending in the health department will increase by 11 per cent, in 1983-84, over last year. $431.5 million will be spent on general hospital services, reflecting an increase of 11.1 per cent over the previous year, and $182.2 million will be expended on a variety of health services, including medical services, the Children's Dental Program, and Pharmacare, reflecting an increase of 11.7 per cent over the forecast for 1982-83.

To ensure that the delivery system for the essential health care of Nova Scotians is not compromised, this budget also provides for a capital program totalling $22.5 million. Primarily, this will involve the upgrading of existing medical facilities, including $2.6 million for renovations to the Cape Hill facility. It will also provide funds for the commencement of a new hospital facility at Glace Bay. (Applause) These projects not only result in a continued upgrading of the quality of health care provided Nova Scotians but will also provide much needed employment in the months ahead.

Mr. Speaker, the economic circumstances anticipated will require that responsible social service programs continue to be maintained in the province, programs sensitive to the needs of those citizens who, through no fault of their own, may need help through these difficult times. This government will not allow its citizens to suffer.

The budget for the Department of Social Services in 1983-84 provides an additional $18.9 million to be spent in this area over last year, for a total of $ 23 9 million. While the bulk of this assistance will go to provide family benefits and the province's share of municipal social assistance programs, a substantial amount of the department's budget will be directed to senior citizens.

Our seniors - who have made, and who continue to make, their contribution to the very fibre of this province - are often the hardest hit by difficult economic circumstances because of their relatively fixed incomes in relation to rising costs of living. During 1983-84, approximately $15.2 million will be spent on a variety of programs for senior citizens emphasizing the importance that this government and the people of Nova Scotia attach to their role in our society. As with health care expenditures, our per capita cost of delivery of social service programs is one of the lowest in Canada, reflecting the success of our costsaving and restraint efforts.

I would like to take this opportunity to expand upon the prospects for development of our energy and mineral resource potential. In last year's budget, 1 outlined the benefits that Nova Scotia expected to achieve from the signing of the Nova Scotia-Canada Offshore Management and Revenue Sharing Agreement. also explained the structure that the government had established through the Resource Development Committee of Policy Board to coordinate the myriad of government policies and programs necessary to fulfil our role in future developments.

Over the past year, Mr. Speaker, I am pleased to report that the benefits from these initiatives have been substantial and extremely positive. Through the establishment of a stable management and fiscal regime, major expansion of exploration activity is taking place off our coast. Six rigs are presently operating offshore and by late 1983, at least nine are anticipated. Such exploration programs signed to date or under negotiation will approximate $2.5 billion over the next few years.